

# United States Government Supplemental Information for the Year Ended September 30, 1999 (Unaudited)

## Net Cost Detail

The State ment of Net Cost pres ents the cost of the Gov ern- ment’s ma jor func tions. The ob jec tives of each of the func tions are de scribed be low. Also, the state ment con tains the def i ni tions of “Gross cost,” “Earned revenue” and “Net cost.”

<b>National Defense</b>	<p>Amounts listed un der this func tion in clude the cost to pro vide mil i tary forces to de ter war; to be pre pared to en gage in war; and to pre serve the peace and se cu rity of the United States, the Ter ri to ries, Com mon wealth, its pos ses sions and any area oc cu pied by the United States. Na tional de fense also in cludes the cost to train, equip, com-</p>	<p>pen sate and pro vide re tire ment ben efits for the armed forces; de velop, ac quire, uti lize and dis pose of weapon sys tems; con duct re search and de vel op ment to main tain tech no log i cal su pe ri ority, cut costs and im prove per for mance of weapon sys tems; and carry out other de fense re lated ac ti vi ties.</p>
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## Human Resources

### Education, Training, Employment and Social Services

The “Education, training, em ploy ment and so cial ser vices” func tion serves to ex tend knowl edge and skills, en hance em ploy ment and em ploy ment op por tu ni ties, pro tect work place stand ards and pro vide ser vices to the needy.

<b>Education, Training, Employment and Social Services</b>			
(In bil lions of dol lars)	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions :</b>			
Elementary, secondary and vocational education . . . . .	17.6	-	17.6
Higher education . . . . .	14.5	1.4	13.1
Research and general education aids . . . . .	2.5	-	2.5
Training and employment . .	5.7	-	5.7
Other labor services . . . . .	1.0	-	1.0
Social services . . . . .	16.6	-	16.6
Total education, training, employment and social services . . .	57.9	1.4	56.5

**Human Resources, cont.**

**Health**

Listed under the “Health” function are the costs to promote physical and mental health, including the prevention of illness and accidents and the Medicaid program. Although the Medicare program is the largest Federal health program, by law it is in a separate function for budget purposes. Also excluded from the “Health” subfunction is Federal health care for military personnel and veterans.

**Medicare**

Federal Hospital Insurance (Medicare Part A) and Federal Supplementary Medical Insurance (Medicare Part B) programs make up Medicare. This function is not further subdivided. For more information on Medicare, see the note in the Stewardship Responsibilities section of Stewardship Information, and Note 19—Dedicated Collections.

**Social Security**

“Social Security” costs include payments to eligible beneficiaries of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs. These are collectively referred to as “Social Security.” The Social Security program is the single largest Federal program and is funded primarily by payroll taxes. For more information on Social Security, refer to the Stewardship Information section on Stewardship Responsibilities and Note 19—Dedicated Collections.

**Health**

(In billions of dollars)	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions:</b>			
Health care services . . . . .	123.4	0.5	122.9
Health research and training . . . . .	14.7	0.1	14.6
Consumer and occupational health and safety . . . . .	2.5	0.1	2.4
<b>Total health . . . . .</b>	<b>140.6</b>	<b>0.7</b>	<b>139.9</b>

**Income Security**

The cost of providing payments to persons unrelated to any current service comprises the “Income Security” function. Included are disability, railroad retirement benefits, temporary assistance to needy families and similar programs, other than amounts related to Social Security and veterans. Also included are food stamps, special milk and child nutrition programs;

unemployment compensation; and workers’ compensation earned income tax credit refunds and reduction of taxpayer liabilities; public assistance cash payments; benefits paid to the elderly and coal miners; and low- and moderate-income housing assistance. The cost of Federal pensions and retiree health benefits are allocated to other functions.

**Income Security**

(In billions of dollars)	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions:</b>			
Unemployment compensation . . . . .	24.5	0.7	23.8
Housing assistance . . . . .	27.8	-	27.8
Food and nutritional assistance . . . . .	34.1	0.1	34.0
Other income security . . . . .	89.8	3.7	86.1
Cost not allocated to subfunctions . . . . .	11.8	1.7	10.1
<b>Total income security . . . . .</b>	<b>188.0</b>	<b>6.2</b>	<b>181.8</b>

**Human Resources, cont.**

**Veterans Benefits and Services**

The amounts listed under this function include specific benefits and services paid to those with prior military service or their spouse, dependents and survivors. Included are veterans compensation, life insurance, pensions, burial benefits, education, training, medical care, veterans housing and administrative expenses of the Department of Veterans Affairs. The net cost line titled "Veterans benefits and services" decreased this fiscal year by \$204.8 billion primarily due to a change in interest rate assumptions in the calculation of the related liability for veterans compensation.

<b>Veterans Benefits and Services</b>			
(In billions of dollars)	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Income security for veterans . . . . .	(65.5)	-	(65.5)
Veterans education, training and rehabilitation . . . . .	1.7	0.2	1.5
Hospital and medical care for veterans . . . . .	18.2	1.8	16.4
Veterans housing . . . . .	1.3	0.5	0.8
Other veterans benefits and services . . . . .	1.1	0.2	0.9
	<u>(43.2)</u>	<u>2.7</u>	<u>(45.9)</u>
Total veterans benefits and services . . . . .			

**Physical Resources**

**Natural Resources and Environment**

This function is comprised of costs incurred to develop, manage and maintain the Nation's natural resources and environment. Excluded are funding for community water supply programs, basic sewer systems and waste treatment plants that are part of community or regional development programs.

<b>Energy</b>			
(In billions of dollars)	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Energy supply . . . . .	11.3	11.9	(0.6)
Energy conservation . . . . .	0.6	-	0.6
Emergency energy preparedness . . . . .	0.2	-	0.2
Energy information, policy and regulation . . . . .	0.8	0.5	0.3
	<u>12.9</u>	<u>12.4</u>	<u>0.5</u>
Total energy . . . . .			

**Energy**

The "Energy" function includes the cost of promoting an adequate supply and appropriate use of energy to serve the needs of the Nation.

<b>Natural Resources and Environment</b>			
(In billions of dollars)	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Water resources . . . . .	5.5	0.5	5.0
Conservation and land management . . . . .	6.2	0.9	5.3
Recreational resources . . . . .	3.0	0.3	2.7
Pollution control and abatement . . . . .	8.6	0.6	8.0
Other natural resources . . . . .	3.8	0.6	3.2
	<u>27.1</u>	<u>2.9</u>	<u>24.2</u>
Total natural resources and environment . . . . .			

**Physical Resources, cont.**

**Commerce and Housing Credit**

This function encompasses the promotion and regulation of the commerce, housing and deposit insurance industries. Included under "Commerce and housing credit" are costs to collect and disseminate social and economic data; provide general purpose subsidies to business and individuals, including credit subsidies for housing; and support the Postal Service fund.

**Transportation**

Grants to States and others for local or national transportation of passengers and property make up the bulk of the cost as so ciated with this function. Included are costs to construct facilities; purchase equipment; do research, testing and evaluation; and provide operating subsidies to transportation facilities (such as airports and rail roads).

**Commerce and Housing Credit**

(In billions of dollars)

	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions:</b>			
Mortgage credit . . . . .	(3.4)	3.7	(7.1)
Postal Service . . . . .	80.0	61.9	18.1
Deposit insurance . . . . .	4.3	1.4	2.9
Other advancement of commerce . . . . .	8.3	6.9	1.4
<b>Total commerce and housing credit . . . . .</b>	<b>89.2</b>	<b>73.9</b>	<b>15.3</b>

**Transportation**

(In billions of dollars)

	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions:</b>			
Ground transportation . . . . .	29.2	-	29.2
Air transportation . . . . .	9.6	0.4	9.2
Water transportation . . . . .	5.1	0.7	4.4
Other transportation . . . . .	0.2	-	0.2
<b>Total transportation . . . . .</b>	<b>44.1</b>	<b>1.1</b>	<b>43.0</b>

**Community and Regional Development**

The costs of promoting viable community economies by developing physical facilities or financial in fra struc tures com prise this func tion. Also in cluded are the costs of developing transportation facilities that are in te gral parts of com mu nity de vel op ment pro grams. Aids to busi nesses is usu ally ex cluded from this func tion un less it pro motes the eco nomic de vel op ment of de pressed ar eas and is not de signed to pro mote par tic u lar lines of busi ness for their own sake.

**Community and Regional Development**

(In billions of dollars)

	Gross Cost	Earned Revenue	Net Cost
<b>Subfunctions:</b>			
Community development . . . . .	5.1	-	5.1
Area and regional development . . . . .	4.2	1.1	3.1
Disaster relief and insurance . . . . .	5.6	1.7	3.9
<b>Total community and regional development . . . . .</b>	<b>14.9</b>	<b>2.8</b>	<b>12.1</b>

**Interest**

Interest costs are primarily amounts on Federal debt securities held by the public. Interest payments on these securities are made by Treasury's Bureau of the Public Debt.

**Other Functions**

the United States and the rest of the world, and promoting international security and economic development abroad.

ment of Energy general science research.

**International Affairs**

This function includes the cost of maintaining peaceful relations, supporting commerce and travel between

**General Science, Space and Technology**

This function covers the cost of National Science Foundation research, NASA space programs and Depart-

**Agriculture**

Costs associated with promoting agricultural economic stability and maintaining and increasing agricultural production are found under the "Agriculture" function.

**International Affairs**

(In billions of dollars)

	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
International development and humanitarian assistance . . . . .	9.8	0.4	9.4
International security assistance . . . . .	5.8	0.8	5.0
Conduct of foreign affairs . . . . .	6.1	1.0	5.1
Foreign information and exchange activities . . . . .	1.2	-	1.2
International financial programs . . . . .	6.7	7.4	(0.7)
<b>Total international affairs . . . . .</b>	<b>29.6</b>	<b>9.6</b>	<b>20.0</b>

**General Science, Space and Technology**

(In billions of dollars)

	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
General science and basic research . . . . .	5.6	-	5.6
Space flight, research and supporting activities . . . . .	11.9	0.1	11.8
<b>Total general science, space and technology . . . . .</b>	<b>17.5</b>	<b>0.1</b>	<b>17.4</b>

**Agriculture**

(In billions of dollars)

	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Farm income stabilization . . . . .	23.7	1.9	21.8
Agriculture research and service . . . . .	3.5	0.5	3.0
<b>Total agriculture . . . . .</b>	<b>27.2</b>	<b>2.4</b>	<b>24.8</b>

**Other Functions, cont.**

**Administration of Justice**

The cost of judicial services includes police protection, law enforcement (including civil rights), rehabilitation and incarceration of criminals, and the general maintenance of domestic order. It also includes the cost of providing court-appointed counsel or other legal services for individuals. Not found under "Administration of justice" are the costs of the legislative branch and police and guard activities that protect Federal property. Also, the cost of National Guard personnel and military personnel who are called

upon occasionally to maintain public safety and the cost of military police are included under the national defense function.

**General Government**

"General Government" covers general overhead costs of the Federal Government. This includes legislative and executive activities as well as central fiscal, personnel and property activities. All activities reasonably or closely associated with other functions are included in those functions rather than "General Government."

<b>Administration of Justice</b>			
(In billions of dollars)	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Federal law enforcement activities . . . . .	14.8	0.8	14.0
Federal litigative and judicial activities . . . . .	7.8	0.3	7.5
Federal correctional activities . . . . .	3.6	0.1	3.5
Criminal justice activities . . . . .	5.0	0.4	4.6
Total administration of justice . . . . .	<u>31.2</u>	<u>1.6</u>	<u>29.6</u>

<b>General Government</b>			
(In billions of dollars)	<b>Gross Cost</b>	<b>Earned Revenue</b>	<b>Net Cost</b>
<b>Subfunctions:</b>			
Legislative functions . . . . .	1.9	-	1.9
Executive direction and management . . . . .	0.7	-	0.7
Central fiscal operations . . . . .	13.1	0.5	12.6
General property and records management . . . . .	0.1	0.1	-
Central personnel management . . . . .	0.3	-	0.3
General purpose fiscal assistance . . . . .	1.1	-	1.1
Other general Government . . . . .	7.9	4.0	3.9
Total general Government . . . . .	<u>25.1</u>	<u>4.6</u>	<u>20.5</u>

## Deferred Maintenance

Deferred maintenance is the estimated cost to bring Government owned property to an acceptable condition. This results from not performing maintenance on a timely basis. Deferred maintenance excludes the cost of expanding the capacity of assets or upgrading them to serve needs different from those originally intended. The consequences of not performing regular maintenance could include increased safety hazards, poor service to the public, higher cost in the future and in efficient operations.

Estimated deferred maintenance costs are not accrued in the Statement of Net Cost or recognized as a liability on the Balance Sheet.

The amounts disclosed for deferred maintenance have been measured using the following two methods:

- Condition assessment surveys are periodic inspections of the Government owned property to determine the current condition and estimated

cost to bring the property to an acceptable condition.

- Life-cycle cost forecast is an acquisition or procurement technique that considers operating, maintenance and other costs in addition to the acquisition cost of assets.

Some deferred maintenance has been deemed to be critical. Such amounts and conditions are defined by the individual agencies with responsibility for the safe keeping for these assets.

### Deferred Maintenance as of September 30

(In billions of dollars)	Deferred Maintenance Cost Range		
	Low Estimate	High Estimate	Critical Maintenance
<b>Asset Category:</b>			
Buildings, structures and facilities . . . . .	44.3	52.5	43.8
Furniture, fixtures and equipment . . . . .	.4	.8	-
Other general property, plant and equipment . . . . .	.2	.3	-
Total general property, plant and equipment . . . . .	44.9	53.6	43.8
Heritage assets . . . . .	.3	1.0	1.0
National defense assets . . . . .	2.7	2.7	-
Total stewardship assets . . . . .	3.0	3.7	1.0
Total deferred maintenance . . . . .	47.9	57.3	44.8

## Reconciliation of Excess of Revenue over Net Cost

For fiscal 1999, the unified budget reported a surplus of \$124.4 billion. For the same period, the Financial Report reports an excess of revenue over cost of \$76.9 billion. The difference between these two amounts occurs because they are prepared primarily on different measurement bases to carry out their different objectives.

The Financial Report generally is based on generally accepted accounting principles. Thus, expenses and exchange revenue are generally recognized when the events giving rise to the transactions occur rather than when the cash is received or paid.

Non-exchange revenues are recognized on a modified cash basis of accounting. By contrast, the unified budget is computed primarily on the cash basis, according to accepted budget concepts and policies. The most significant differences between these two bases involve the timing of recognition and measurement of revenue and costs.

The differences between these two bases of accounting can be

divided into four primary categories.

1. Receipts recognized in the budget that are not recognized as revenue in the Financial Report, such as:

- Collections of pre-credit reform loans.
- Collections of taxes receivable.
- Collections of accounts receivable.
- Proceeds from the sale of capital assets representing "book value."

2. Revenues recognized in the Financial Report that are not recognized as receipts in the budget, such as:

- Increases in taxes receivable.
- Increases in accounts receivable.

3. Outlays recognized in the budget that are not recognized as costs in the Financial Report, such as:

- Purchases of inventory and general property, plant and equipment.
- Payments of accounts payable.

- Payments of employee pensions and other benefits that reduce prior related liabilities.

- Payments of environmental cleanup and disposal costs that reduce prior related liabilities.

4. Costs recognized in the Financial Report that are not recognized as outlays in the budget, such as:

- Depreciation on general property, plant and equipment.
- Increases in liabilities for employee pensions and other benefits.
- Increases in estimated environmental liabilities.
- Defaults on pre-credit reform loans.
- Decreases in inventory.
- Increases in accounts payable.

The remaining unidentified difference is a net of \$30.5 billion. Since some of the differences may be offsetting, the gross difference is larger than the \$30.5 billion and may include transactions in all four categories listed above. It also includes the effect of misclassifying intragovernmental transactions and relatively small differences in entity coverage.

## Reconciliation of the Excess of Revenue over Net Cost to the Unified Budget Surplus for the Year Ended September 30 (Unaudited)

(In billions of dollars)

<b>Excess of revenue over net cost</b> . . . . .	<b>76.9</b>
<b>Decrease in veteran compensation and burial benefits:</b>	
Decrease in liability for veterans . . . . .	(64.8)
Decrease in liability for survivors . . . . .	(29.3)
Decrease in liability for burial benefits . . . . .	(0.8)
Decrease in liability for veterans . . . . .	(94.9)
<b>Increase in environmental liabilities:</b>	
Increase in Energy's environmental liabilities . . . . .	44.3
Increase in Defense's environmental liabilities . . . . .	45.7
Decrease in all others environmental liabilities . . . . .	(1.3)
Increase in environmental liabilities . . . . .	88.7
<b>Capitalized fixed assets:</b>	
Department of Defense . . . . .	(23.5)
Civilian agencies . . . . .	(18.0)
Total capitalized fixed assets . . . . .	(41.5)
<b>Increase in liability for civilian employee benefits:</b>	
Increase in civilian pension liabilities . . . . .	28.8
Decrease in civilian health liabilities . . . . .	(2.1)
Increase in other civilian benefits liabilities . . . . .	14.9
Increase in liability for civilian employee benefits liabilities . . . . .	41.6
<b>Decrease in liability for military employee benefits:</b>	
Increase in military pension liabilities . . . . .	11.3
Decrease in military health liabilities . . . . .	(27.2)
Decrease in other military benefits . . . . .	(15.2)
Decrease in liability for military employee benefits . . . . .	(31.1)
Depreciation expense 1999 . . . . .	17.3
Decrease in benefits due and payable . . . . .	(3.8)
Increase in inventory . . . . .	(6.5)
Decrease in taxes receivable . . . . .	4.4
Increase in other liabilities . . . . .	14.4
Seigniorage and sale of gold . . . . .	(1.0)
Decrease in accounts payable . . . . .	(4.2)
Decrease in accounts receivable . . . . .	1.2
Principal repayments of pre-credit reform loans . . . . .	32.4
<b>Net amount of all other differences</b> . . . . .	<b>30.5</b>
<b>Unified budget surplus</b> . . . . .	<b>124.4</b>

## Unexpended Budget Authority

Unexpended Budget Authority is the sum of the obligated, but unliquidated, and unobligated budget authority.

Unobligated budget authority, including trust fund balances, is the cumulative amount of budget authority that is not obligated and that remains available for obligation. In 1-year accounts the

unobligated balance is not available after the end of the fiscal year.

In multi-year accounts the obligated balance may be carried forward and remains available for obligation for the period specified. In no-year accounts the unobligated balance is carried forward until specifically rescinded by law, or

until the purposes for which it was provided have been accomplished.

Obligated budget authority is the cumulative amount of budget authority that has been obligated but not yet liquidated. This balance can be carried forward for a maximum of 5 years after the appropriation has expired.

### Unexpended Budget Authority as of September 30, 1999 (Unaudited)

(In billions of dollars)	Unobligated Budget Authority	Obligated Budget Authority
Social Security Administration . . . . .	819.6	36.1
Office of Personnel Management . . . . .	502.8	5.9
Department of Health and Human Services . . . . .	198.8	55.8
Department of Defense-Military . . . . .	60.6	152.7
Other Defense Civil Programs . . . . .	149.9	2.8
Department of Housing and Urban Development . . . . .	36.8	107.0
Department of Transportation . . . . .	58.9	52.5
Department of the Treasury . . . . .	21.6	18.4
International Assistance Program . . . . .	36.0	65.2
Department of Labor . . . . .	90.4	8.4
Independent agencies . . . . .	74.1	5.9
Department of Agriculture . . . . .	23.2	15.1
Department of Education . . . . .	10.2	24.4
Department of Veterans Affairs . . . . .	16.1	7.1
Department of Energy . . . . .	12.5	7.8
Department of Justice . . . . .	4.7	13.8
Environmental Protection Agency . . . . .	8.0	8.5
Department of State . . . . .	12.7	3.0
Federal Emergency Management Agency . . . . .	0.8	8.3
Department of the Interior . . . . .	5.3	2.9
National Aeronautics and Space Administration . . . . .	0.9	5.3
Department of Commerce . . . . .	0.8	3.7
Corps of Engineers . . . . .	4.0	0.4
National Science Foundation . . . . .	0.2	4.2
General Services Administration . . . . .	3.8	0.5
Legislative Branch . . . . .	1.7	0.4
Small Business Administration . . . . .	0.7	1.0
Judicial Branch . . . . .	0.7	0.5
Executive Office of the President . . . . .	0.3	0.1
Total . . . . .	2,156.1	617.7

## Tax Burden

The Internal Revenue Code provides for progressive rates of tax, whereby higher incomes are generally subject to higher rates of tax. The tables present the latest available information on income tax and on related income, deductions and credit for individuals by income level and for corporations by size of assets.

### Individual Income Tax Returns for Tax Year 1997

(In millions of dollars unless otherwise noted)	Size of Adjusted Gross Income					
	Under \$15,000	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	Greater than \$200,000
Total number of returns . . . . .	41.4	29.4	22.8	21.6	5.4	1.8
Gross income . . . . .	251.9	649.1	895.2	1,490.0	717.3	1,013.4
Adjusted gross income . . . . .	247.9	642.9	887.9	1,478.9	707.8	1,004.5
Tax . . . . .	9.1	47.4	90.6	191.6	126.7	274.0
Tax burden, percentage of gross total receipts . . . . .	3.60%	7.30%	10.13%	12.86%	17.67%	27.04%
Average tax dollars per return . . . . .	219	1,612	3,983	8,858	23,562	151,565

#### Deductions on taxable income:

Standard deduction . . . . .	175.4	137.2	82.6	42.1	3.6	0.9
Medical and dental expense . . . . .	5.2	8.6	6.6	6.2	2.0	0.6
Interest . . . . .	5.3	18.4	45.5	100.0	46.5	34.9
Charitable contributions . . . . .	1.2	5.5	12.3	29.9	16.9	33.4
Other itemized deductions . . . . .	3.5	14.0	35.9	91.1	50.5	46.7
Total itemized deductions . . . . .	15.2	46.5	100.3	227.2	115.9	115.6
Total deductions . . . . .	190.6	183.7	182.9	269.3	119.5	116.5
<b>Total expenditures, deductions . . . . .</b>	<b>6.9</b>	<b>13.4</b>	<b>18.5</b>	<b>34.6</b>	<b>21.1</b>	<b>31.5</b>

#### Credit against tax liability:

Child care credit . . . . .	-	0.6	0.7	0.9	0.2	-
Credit for elderly and disabled . . . . .	-	-	-	-	-	-
Foreign tax credit . . . . .	-	-	0.1	0.3	0.6	3.0
EITC, offset tax liability . . . . .	0.4	3.5	-	-	-	-
Other credits . . . . .	-	-	0.1	0.3	0.3	1.0
<b>Total credits . . . . .</b>	<b>0.4</b>	<b>4.1</b>	<b>0.9</b>	<b>1.5</b>	<b>1.1</b>	<b>4.2</b>

#### Total expenditures and credits, individual . . . . .

	7.3	17.5	19.4	36.1	22.2	35.7
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## Corporate Income Tax Returns for Tax Year 1996

(In millions of dollars unless otherwise noted)	Size of Total Assets (in thousands)					
	Under \$1,000	\$1,000 under \$10,000	\$10,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	Greater than \$250,000
Total returns (in thousands) . . . . .	4,193.3	370.9	42.9	8.5	7.6	8.2
Total receipts . . . . .	2,103.7	2,204.3	1,357.3	505.4	741.0	8,614.1
Taxable income . . . . .	24.0	26.2	25.8	16.3	28.9	518.6
Total tax . . . . .	5.6	8.1	8.4	5.2	9.0	134.2
Tax burden, percent of gross total receipts . .	0.27%	0.37%	0.62%	1.04%	1.22%	1.56%
Average tax per return (in thousands) . . . . .	1.3	21.8	196.1	618.5	1,187.2	16,346.4
<b>Deductions on taxable income:</b>						
Net operating loss . . . . .	10.2	5.6	4.4	2.5	4.2	28.2
Dividends received . . . . .	0.4	0.5	0.6	0.4	0.9	16.9
Public utility dividends paid . . . . .	-	-	-	-	-	0.1
Total deductions . . . . .	2,064.5	2,163.3	1,326.2	486.7	703.4	7,984.1
<b>Total expenditures, deductions . . . . .</b>	<b>5.5</b>	<b>7.9</b>	<b>8.2</b>	<b>5.0</b>	<b>8.6</b>	<b>124.4</b>
<b>Credits against tax liability:</b>						
Foreign tax credit . . . . .	0.1	-	0.1	0.2	0.6	39.2
U.S. Possessions tax credit . . . . .	-	-	0.2	0.2	0.3	2.4
Nonconventional source fuel credit . . . . .	-	-	-	-	-	0.8
General business credit . . . . .	0.2	0.1	0.1	0.1	0.1	3.6
Other credits . . . . .	0.1	0.2	0.2	0.1	0.1	4.1
<b>Total credits . . . . .</b>	<b>0.4</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>1.1</b>	<b>50.1</b>
<b>Total expenditures, corporation . . . . .</b>	<b>5.9</b>	<b>8.2</b>	<b>8.8</b>	<b>5.6</b>	<b>9.7</b>	<b>174.5</b>

## Other Information (Unaudited)

### Other Claims for Refund

Management has estimated amounts that may be paid out as other claims for tax refunds. This estimate represents an amount (principal and interest) that may be paid for claims pending judicial review by the Federal courts or, internally, by Appeals. The total estimated payout (including principal and interest) for claims pending judicial review by the

Federal courts is \$7.6 billion and by Appeals is \$11.4 billion. Although these refund claims have been deemed to be probable, they do not meet the criteria in SFFAS No. 5 for reporting the amounts in the balance sheet or for disclosure in the notes to the financial statements. However, they meet the criteria in SFFAS No. 7 for inclusion as supplemental information.

## Federal Taxes Receivable Net

In accordance with SFFAS No. 7, some unpaid assessments do not meet the criteria for financial statement recognition as discussed in Note 1 to the financial statements. Although compliance assessments and write-offs are not considered receivables under Federal accounting standards, they represent legally enforceable claims of the

IRS—acting on behalf of the Federal Government. There is, however, a significant difference in the collection potential of these categories.

The components of the total unpaid assessments and derivation of net Federal taxes receivable at September 30, 1999, were as follows:

### Federal Taxes Receivable as of September 30

(In billions of dollars)

Total unpaid assessments . . . . .	\$233.2
Less: Compliance assessments . . . . .	(27.0)
Write-Offs . . . . .	(127.0)
Gross Federal Taxes Receivable . . . . .	79.2
Less: Allowance for doubtful accounts . . . . .	(56.5)
Federal Taxes Receivable, Net . . . . .	<u>22.7</u>

The Government can not reasonably estimate the amount of allowance for doubtful accounts pertaining to its compliance assessments, and thus can not determine their net realizable value or the value of the pre-assessment work-in-progress.

To eliminate double-counting, the compliance assessments reported above exclude trust fund recovery

penalties, totaling \$15 billion, assessed against officers and directors of businesses who were involved in the nonremittance of Federal taxes withheld from their employees. The related unpaid assessments of those businesses are reported as taxes receivable or write-offs, but the Government also may recover portions of those businesses' unpaid assessments from any and all individual officers and directors against whom a trust fund recovery penalty is assessed.

## Appendix: List of Significant Government Entities Included and Excluded

This Financial Report includes the executive, legislative and judicial branches of the Government. Excluded are privately owned Government-sponsored enterprises such as the Federal Home Loan Banks and the Federal National Mortgage Association. The Federal Reserve System also

is excluded because organizations and functions pertaining to monetary policy are traditionally separate from, and independent of, other central Government organizations and functions.

### Significant Entities Included in these Statements:

Department of Agriculture (Agriculture) <a href="http://www.usda.gov">www.usda.gov</a>	Commodity Futures Trading Commission
Department of Commerce (Commerce) <a href="http://www.doc.gov">www.doc.gov</a>	Environmental Protection Agency (EPA) <a href="http://www.epa.gov">www.epa.gov</a>
Department of Defense (DOD) <a href="http://www.defenselink.mil">www.defenselink.mil</a>	Executive Office of the President
Department of Education (Education) <a href="http://www.ed.gov">www.ed.gov</a>	Export-Import Bank of the United States <a href="http://www.exim.gov">www.exim.gov</a>
Department of Energy (Energy) <a href="http://www.doe.gov">www.doe.gov</a>	Farm Credit Administration (FCA) <a href="http://www.fca.gov">www.fca.gov</a>
Department of Health and Human Services (HHS) <a href="http://www.hhs.gov">www.hhs.gov</a>	Federal Communications Commission (FCC) <a href="http://www.fcc.gov">www.fcc.gov</a>
Department of Housing and Urban Development (HUD) <a href="http://www.hud.gov">www.hud.gov</a>	Federal Deposit Insurance Corporation (FDIC) <a href="http://www.fdic.gov">www.fdic.gov</a>
Department of Interior (Interior) <a href="http://www.doi.gov">www.doi.gov</a>	Federal Emergency Management Agency (FEMA) <a href="http://www.fema.gov">www.fema.gov</a>
Department of Justice (Justice) <a href="http://www.usdoj.gov">www.usdoj.gov</a>	Federal Trade Commission (FTC) <a href="http://www.ftc.gov">www.ftc.gov</a>
Department of Labor (Labor) <a href="http://www.dol.gov">www.dol.gov</a>	General Accounting Office (GAO) <a href="http://www.gao.gov">www.gao.gov</a>
Department of State (State) <a href="http://www.state.gov">www.state.gov</a>	General Services Administration (GSA) <a href="http://www.gsa.gov">www.gsa.gov</a>
Department of the Air Force (Air Force) <a href="http://www.af.mil">www.af.mil</a>	Government Printing Office (GPO) <a href="http://www.gpo.gov">www.gpo.gov</a>
Department of the Army (Army) <a href="http://www.army.mil">www.army.mil</a>	Library of Congress (LOC) <a href="http://www.loc.gov">www.loc.gov</a>
Army Corps of Engineers <a href="http://www.usace.gov">www.usace.gov</a>	National Aeronautics and Space Administration (NASA) <a href="http://www.nasa.gov">www.nasa.gov</a>
Department of the Navy (Navy) <a href="http://www.navy.mil">www.navy.mil</a>	National Archives and Records Administration <a href="http://www.nara.gov">www.nara.gov</a>
Department of Transportation (Transportation) <a href="http://www.dot.gov">www.dot.gov</a>	National Credit Union Administration (NCUA) <a href="http://www.ncua.gov">www.ncua.gov</a>
Department of the Treasury (Treasury) <a href="http://www.ustreas.gov">www.ustreas.gov</a>	National Science Foundation (NSF) <a href="http://www.nsf.gov">www.nsf.gov</a>
Department of Veterans Affairs (VA) <a href="http://www.va.gov">www.va.gov</a>	National Transportation Safety Board (NTSB) <a href="http://www.nts.gov">www.nts.gov</a>
Agency for International Development (AID) <a href="http://www.info.usaid.gov">www.info.usaid.gov</a>	Nuclear Regulatory Commission (NRC) <a href="http://www.nrc.gov">www.nrc.gov</a>
Central Intelligence Agency (CIA) <a href="http://www.odci.gov/cia/ciahome.html">www.odci.gov/cia/ciahome.html</a>	Office of Management and Budget (OMB) <a href="http://www.whitehouse.gov/wh/eop/omb/html/ombhome.html">www.whitehouse.gov/wh/eop/omb/html/ombhome.html</a>
Congressional Budget Office (CBO) <a href="http://www.cbo.gov">www.cbo.gov</a>	Office of Personnel Management (OPM) <a href="http://www.opm.gov">www.opm.gov</a>
Commodity Credit Corporation	

**Entities Included, cont.**

Other boards and commissions

Other legislative and judicial

Pension Benefit Guaranty Corporation

[www.pbgc.gov](http://www.pbgc.gov)

Railroad Retirement Board (RRB)

[www.rrb.gov](http://www.rrb.gov)

Securities and Exchange Commission (SEC)

[www.sec.gov](http://www.sec.gov)

Small Business Administration (SBA)

[www.sba.gov](http://www.sba.gov)

Smithsonian Institution

[www.si.edu](http://www.si.edu)

Social Security Administration (SSA)

[www.ssa.gov](http://www.ssa.gov)

Tennessee Valley Authority (TVA)

[www.tva.gov](http://www.tva.gov)

U.S. Information Agency

[www.usia.gov](http://www.usia.gov)

U.S. Postal Service

[www.usps.gov](http://www.usps.gov)

**Significant Entities Excluded from these Statements:**

Army and Air Force Exchange Service

Board of Governors of the Federal Reserve System

Fannie Mae

Farm Credit System

Federal Home Loan Banks

Federal Reserve Banks (FRBs)

Federal Retirement Thrift Investment Board

Financing Corporation

Freddie Mac

Marine Corps Exchange

Navy Exchange Service Command

Resolution Funding Corporation

Sal lie Mae

Thrift Savings Fund